

# **TENNESSEE ALCOHOLIC BEVERAGE COMMISSION**

**Minutes  
December 15, 2005  
9:30 a.m.**

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The regular meeting of the Tennessee Alcoholic Beverage Commission was held on Thursday, October 19, 2005 in Nashville, Tennessee at 9:30 a.m. Chairman John Jones, Commissioners Harlan Mathews and Cynthia Bond were present. Executive Director Danielle Elks, Assistant Director Carolyn Smith and ASAC Andy Woodall from the staff were present.

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**The Minutes for November 17, 2005 Commission Meeting were not approved. The November, 2005 Minutes indicated that Commissioner Bond made a motion to approve Ocoee Winery in Chattanooga pending the submission of the Permission from the Department of Agriculture; and that Commissioner Bond seconded the motion. However, Commissioner Mathews made the motion to approve the Ocoee Winery upon submission of the Permission from the Department of Agriculture and Commissioner Bond seconded the motion. The November, 2005 Minutes have been corrected to reflect this change.**

## **1. RETAIL PACKAGE STORES:**

### **A. 1. WINE MARKET MEMPHIS, TENNESSEE (SHELBY COUNTY)**

**Applicant: Scott M. Smith**

Before the Commission is a request for a new retail package store to be located at 4700 Spottswood in Memphis, Tennessee. Mr. Scott Smith intends to initially invest approximately \$150,000. Financing is based upon a loan in the amount of \$100,000 from Renasant Bank and the remainder in personal funds. All documentation has been submitted with the exception of the following:

- a. TABC Inspection;
- b. Acknowledgement of the rules and regulations; and
- c. Use and Occupancy permit.

### **Discussion/Action Taken:**

Mr. Scott Smith was present at the meeting. Director Elks reviewed the application for the Commissioners. Director Elks recommended approval upon completion of the inside of the building and submission of the following documents:

- a. TABC Inspection;
- b. Acknowledgement of the rules and regulations; and
- c. Use and Occupancy permit.

Commissioner Bond made a motion to approve upon submission of the pending documents. Commissioner Mathews seconded the motion. The motion passed with 3 ayes.

**2. GRAND CRU WINE & SPIRITS, LLC  
NASHVILLE, TENNESSEE (DAVIDSON COUNTY)**

<b>Licensee:</b>	<b>Wine Rack, LLC</b>
<b>Member:</b>	<b>Ellen Christianson</b>
<b>Applicant:</b>	<b>Grand Cru Wine &amp; Spirits, LLC</b>
<b>Members:</b>	<b>Ellen Christianson, Caroline Cooke Wilson, and Collie Daily</b>

Before the Commission is a request for transfer of ownership of the retail package store to located at 3431 B Murphy Road, in Nashville, Tennessee. Ms. Ellen Christianson desires to sell half of her interest in the business to Mrs. Caroline Wilson and Collie Daily. The two members seeking approval would each own twenty-five percent of the business. The licensee has submitted paperwork indicating that the corporate name has been changed from Wine Rack, LLC to Grand Cru Wine and Spirits, LLC. All documentation has been submitted with the exception of the following:

- a. Bill of Sale;
- b. Financial forms completed by Wilson and Daily; and
- c. Credit check from bank for Wilson and Daily.

**Discussion/Action Taken:**

Director Elks reviewed the application for the Commissioners. Director Elks recommended approval upon submission of the financial forms for Wilson and Daily. Commissioner Mathews made a motion to approve pending the financial forms. Commissioner Bond seconded the motion and it passed with 3 ayes.

**3. CADDY'S  
CLARKSVILLE, TENNESSEE (MONTGOMERY COUNTY)**

<b>Licensee/Seller:</b>	<b>Caddy's Discount Liquors, Inc.</b>
<b>Stockholder:</b>	<b>Michael Bell</b>
<b>Applicant:</b>	<b>Seven Seas, Inc.</b>
<b>Stockholders:</b>	<b>Chinna Ramesh Kasetty</b>

Before the Commission is a request for a transfer of ownership of the retail package store to located at 2206-B Madison Street, in Clarksville, Tennessee. Mr. Chinna Kasetty intends to purchase the business for \$230,000—including inventory. Mr. Kasetty indicates that financing is based upon personal funds and a bank loan. All documentation has been submitted with the exception of the following:

- a. Bank Credit check for Mr. Kasetty;
- b. Copy of loan agreement;
- c. Sublease or assignment of lease to Seven Seas, Inc. with written permission of landlord to sublease or assign;
- d. TABC Inspection;
- e. Acknowledgement of the rules and regulations;
- f. Written acknowledgement from Michael Bell that while serving as consultant for Applicant, cannot have a direct or indirect interest in another retail store.

**Discussion/Action Taken:**

Director Elks reviewed the application for the Commissioners. Director Elks stated that the staff has received all documents; however, the written acknowledgement from Michael Bell is not what the staff has requested: Therefore, a revision to the statement has been requested. Director Elks recommended approval upon submission of the revised statement of the written acknowledgement from Michael Bell. Commissioner Mathews made a motion to approve upon submission of the pending document. Commissioner Bond seconded the motion and it passed with 3 ayes.

**4. MULLIGAN’S WINE & SPIRITS, LLC  
CLARKSVILLE, TENNESSEE (MONTGOMERY COUNTY)**

**Licensee/Seller: Todd Morris**  
**Applicant/Buyer: Mulligan’s Wine and Spirits, LLC**  
**Member: Todd Morris**

Before the Commission is a request for a transfer of ownership of the package store located at 2273 Wilma Rudolph Boulevard, in Clarksville, Tennessee. Mr. Morris is requesting to incorporate the business. All documentation has been submitted with the exception of the following:

- a. TABC Inspection, and
- b. Acknowledgement of the Rules and regulations

**Discussion/Action Taken:**

Director Elks reviewed the application for the Commissioners and recommended approval. Commissioner Bond made a motion to approve pending the financial forms. Commissioner Mathews seconded the motion and it passed with 3 ayes.

3. **SPECIAL OCCASION LICENSES**
4. **CONSUMER EDUCATION SEMINAR LICENSES**
5. **PERSONNEL**
6. **BUDGET**
7. **CONSENT ORDERS**
8. **PENDING MATTERS LIST**
9. **MISCELLANEOUS**

**a. Proposal of Hugh McSharry, Nashville Wine Exchange, Nashville, TN**

Mr. Sam McAllester, attorney, substituting for William Cheek, III, and Hugh McSharry, were present at the meeting and presented the following business plan to the Commission. Mr. Sam McAllester stated that Nashville Wine Exchange (“NWE”) proposes to provide professional grade storage facilities for clients’ fine wines and spirits in a proper environment. The business will employ a web-base tracking reporting software that will allow customers to monitor their inventory. NWE will not be in the business of selling or buying wine. The proposal indicated that NWE will only take possession of the inventory that customers have already purchased. Mr. McAllester stated that this would not violate the three-tier system. The wine would be stored in a climate controlled facility. The customer would deliver the wine to the NWE, NWE would pick up the product from the customer, or NWE would meet the customer at the point of purchase and take the wine to the storage facility. NWE would then deliver the wine, upon the customer’s request, to the customer’s residence or any other place that it could be lawfully consumed. At all times, the wine and spirits would remain the property of the customer, not the property of NWE.

Director Elks stated that the staff is concerned about the transportation, delivery and storage of the alcoholic beverages. She stated that there is an Attorney General’s Opinion that may or may not affect this. She further stated that the transportation and lack of regulation are the staff’s primary concerns.

Chairman Jones stated that he had a concern whether the liquor could be purchased from out of state and brought into Tennessee. Commissioner Jones indicated he would like to have a better description from the wholesalers’ point of view as to what is called “collectible wines”, what the market is, and how these wines are

brought into Tennessee. Chairman Jones wants to insure that the alcoholic beverages are purchased through the three-tier system.

Henry Hildebrand, III, general counsel to the wine and spirits wholesalers of Tennessee, stated that he has a concern regarding the housing of alcoholic beverages by an unlicensed entity. It has traditionally been the retailer, wholesaler or purchaser that has the product. Mr. Hildebrand stated that there are strict guidelines in transporting alcoholic beverages.

Commissioner Mathews indicated that he believed NWE's concept was an innovative idea, and if possible the TABC should try to see it work. He further stated that he would like to encourage this proposal and have the alcohol industry treated as any other legitimate industry. In other words, the alcohol industry is currently heavily regulated. Commissioner Mathews further indicated that although he is just as concerned with the availability of alcohol and how it is treated (i.e. sales to minors), he is also concerned with the existing laws that protect a legal monopoly.

A discussion continued regarding the process for brown-bagging on licensed and unlicensed premises. Director Elks stated that brown-bagging was legal across the State, except in those limited circumstances such as Davidson County—where the LBD referendum has passed, but local ordinance prohibits brown-bagging from those establishments only possessing beer permits. However, in all cases where an individual brings in their own alcohol, then that individual must maintain possession of the alcohol. Further, LBD licensees and their employees are prohibited from serving alcohol that is not owned out-right by the licensee.

Commissioner Jones expressed further concern regarding the delivery of alcohol by a non-licensed entity. He further indicated that he believed there was potential for abuse. However, a middle ground may exist by having the legislature pass a law allowing the proposition.

Commissioner Bond indicated that a middle ground was a possibility.

Another issue arose regarding the possibility of contraband alcohol being stored in NWE's premises. Director Elks indicated that because NWE's premises would be an unlicensed location, an investigation regarding contraband alcohol would be like any other criminal case, and would require a search warrant to search the premises if consent was not obtained.

The Commission indicated that the concerns expressed were not directed at Mr. McSharry as an individual. Mr. McSharry stated that he would be willing to open his facilities and records to the TABC at all times; however, it was noted that subsequent similar businesses may not be as forthcoming.

Mr. McSharry agreed to address the Commission's concerns at the next meeting.

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- 10. DATE OF NEXT MEETING** – January 26, 2006 at 9:30 a.m. and February 16, 2006 at 9:30 a.m.

There being no further business the meeting was adjourned.

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Shari Danielle Elks  
Executive Director

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John A. Jones  
Chairman